

**VILLAGE OF PALM SPRINGS HAZARDOUS DUTY
EMPLOYEES' PENSION FUND
MINUTES OF MEETING HELD
October 29, 2008**

Tim Conboy called the meeting to order at 2:04 P.M. in the Conference Room on the First Floor at Village Hall in Palm Springs, Florida. Those persons present were:

TRUSTEES

Tim Conboy
James Gregory
Randy Hoffer
Mark Hall

OTHERS

Bonni Jensen, Attorney
Margie Adcock, Pension Resource Center
Dave West and Tim Nash, Bogdahn Consulting
Kevin Quinn and Carly Hunten, ICC

MINUTES

The Board reviewed the minutes of the meeting held August 5, 2008. A motion was made, seconded and carried 4-0 to approve the minutes of the meeting held August 5, 2008.

INVESTMENT MANAGER REPORT: ICC

Kevin Quinn and Carly Hunten appeared before the Board. Mr. Quinn reported on the performance of the portfolio as of September 30, 2008. He stated that the Fund has not done badly at all given the market conditions and turmoil. The total market value as of September 30, 2008 was \$8,186,472. The asset allocation was 62.3% in equities; 28.1% in fixed income and 9.6% in cash. The portfolio was down 1.07% for the quarter while the benchmark was down 5.94%. Equities were up .58% while the benchmark was down 8.49%. Fixed income was down 3.90% while the benchmark was down 1.19%. Ms. Hunten reviewed the investment performance by sectors. She reviewed the multicap portfolio attributes. She reviewed the fixed income analysis and noted that they held two positions in Lehman Brothers. They thought when the Fed helped out Bear Stearns they would help out Lehman Brothers as well, but the Fed did not. She noted that they did avoid other major blowups like Washington Mutual. There was discussion on the Lehman Brothers holdings. Mr. Quinn stated that one matured in August and they are still holding on to one. Mr. West stated that it was important for the Board to know that ICC held Lehman Brothers positions and noted that ICC did comply with the notification requirements in the Investment Policy Statement.

Kevin Quinn and Carly Hunten departed the meeting.

INVESTMENT MONITOR REPORT

Dave West and Tim Nash appeared before the Board. Mr. West reported on the performance of the Fund for the quarter ending September 30, 2008. The total market value of the Fund as of September 30, 2008 was \$8,915,836, with ICC holding \$8,188,288 and Manning & Napier holding \$727,548. The asset allocation was 57.2% in domestic equities; 8.2% in international; 25.5% in domestic fixed income; and 9.2% in cash. He reviewed the market environment and asset class performance. International

was hardest hit versus domestic. The EAFE is down 20.5% and the MSCI emerging international is down 26.9%. US Treasuries was the only positive place during the quarter. The total portfolio was down 2.22% gross of fees for the quarter while the benchmark was down 5.78%. The ICC total portfolio was down 1.08% while the benchmark was down 5.78%. The ICC domestic equity portfolio was up .62% for the quarter while the benchmark was down 8.37%. The ICC fixed income portfolio was down 4.89% for the quarter while the benchmark was down 1.19%. The Manning & Napier portfolio was down 13.33% for the quarter while the EAFE was down 20.50%. Mr. West reviewed the underperformance of ICC fixed income. There was a lengthy discussion. Mr. West explained ICC's strategy. He noted that one very bad quarter could really affect the long-term numbers.

ATTORNEY REPORT

Ms. Jensen discussed her memorandum dated October 2, 2008 regarding Florida Qualified Public Depositories Requirements. She stated that Comerica would not be subject to the requirements. Rather only those bank that the Fund has on deposit, such as the Village. She noted that the Village is filing the reports as required.

Ms. Jensen stated that she understands that the proposed amendment to the Plan is no longer necessary, as the issue was resolved with Patricia Gagnon. She noted that the proposed amendment has been taken off the Commission Agenda. There was discussion as to why the matter was taken off the Commission Agenda. Ms. Jensen stated that the Board could pursue the change and have it taken out of the 175/185 monies. The Board stated that they were upset that it never got to the Commission for a vote but there was no benefit at this moment to pursuing it.

Ms. Jensen discussed her memorandum dated October 28, 2008 regarding normal retirement age regulations for governmental plans. She discussed the IRS Regulations regarding the definition of "normal retirement age". She provided the proposed Regulations and a memorandum from the Actuary regarding implications of the definition of "normal retirement age" for governmental plans. She noted that IRS has delayed the implementation of the proposed Regulations until 2011.

Ms. Jensen noted that the Investment Monitor has hired Jennifer Cute who previously worked for ICC. A memorandum was sent out by the Monitor in September 2008 of this hiring and stated that Ms. Cute would not be assigned as a primary consultant on this relationship because ICC is the manager.

Ms. Jensen discussed her memorandum dated July 15, 2008 regarding IRS Determination Letters that was provided at the last meeting. She stated that she looked at the Plan and there are some changes the Board would need to make to update the Plan to come into compliance with the Internal Revenue Code or being prepared if the IRS begins to look at this Plan in its attempt to review governmental plans. The areas that need to be updated are such things as the rollover language, required distributions and 415 language. She stated that the downside for filing for an IRS Determination Letter is that there is a filing fee of \$1,000. She recommends that the Board make the changes, as that is a good thing to have in the Plan administratively. She stated that the IRS is indicating that next year it will begin to send out surveys to governmental plans. She recommended that the Board update the Plan now whether or not the Board decides to file for a Determination Letter.

A motion was made, seconded and carried 4-0 to authorize Ms. Jensen to update the Plan as recommended.

ADMINISTRATIVE REPORT

Margie Adcock presented the Beneficiary/Enrollment Forms received from the Village. A motion was made, seconded and carried 4-0 to approve the list of Enrollment Applications.

Ms. Adcock presented the Board with the benefit calculation and election approval for Patricia Gagnon. A motion was made, seconded and carried 4-0 to approve the benefit election.

Ms. Adcock presented the disbursements. A motion was made, seconded and carried 4-0 to pay all listed disbursements. The Board asked the Ms. Adcock to obtain information from Ms. Morse for the checking account on disbursements made to service providers and also a quarterly statement of the bank account.

Ms. Adcock provided the Board with the renewal information for the Fiduciary Liability Insurance Policy. It was noted that the premium was \$5,495.41 to cover both the General Employees and Hazardous Plans. A motion was made, seconded and carried 4-0 to obtain Fiduciary Liability Insurance with the Florida League of Cities using the combined quote with the premium to be split according to the market values between both Plans.

OTHER BUSINESS

The Board was provided with a memorandum from the Actuary dated October 16, 2008 regarding proposed changes to Rule 60T by the Division of Retirement. Ms. Jensen discussed the second workshop that was held in October. She stated that the proposed Rules would not apply to this set of actuarial reports that the Actuary is doing right now.

There was discussion on the appointment of the 5th Trustee. It was noted that the term for Randy Hoffer was up. A motion was made, seconded and approved 3-0 to reappoint Randy Hoffer as the 5th Trustee for another term expiring September 30, 2010.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Tim Conboy, Chairman